

# Research and Development of Strategy to Prepare the Readiness of Chiangrai Special Economic Zone Project Establishment

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**Abstract**— The objectives of this strategic development research were to prepare for the readiness of the Special Economic Zone in Chiangrai province. The goals of this research were consisted of 1) to study the readiness of the Chiangrai Special Economic Zone project in Chiangrai province, and 2) to develop the strategic development plan for the Chiangrai Special Economic Zone project in Chiangrai province. The research had been carried out through the usage of the mixed method, survey research External situation analysis was PEST analysis, including the SWOT analysis and the focus group discussion as well as the workshop operations amongst the people who got the involvement in the establishment of the Chiangrai Special Economic Zone project in the Chiangrai province of Thailand. The aim was to plan the strategic planning and the preparation for the readiness of the Chiangrai Special Economic Zone project establishment. The research result was found that;

1. The Chiangrai Special Economic Zone project had been investigated in term of readiness for the establishment; and it was found that there were 6 aspects to be dealt with,

1) the location, 2) the border trading situation, 3) the logistics and the supplies chain, 4) the labor force development, 5) the acknowledgement of the citizens of the Chiangrai province, 6) the readiness of the financial institutes. According to the study, it was found that the pushing force came from the location of the Chiangrai province which was situated on the border region of three neighboring countries such as Myanmar, Laos and China in conjunction with the cooperation amongst the nations that located in the sub-region area under the GMS Development Project, which connected the Mekong Sub-region countries to cooperate in the development project. As a result, there was an increase in the border trading. However, there were many obstacles in the readiness of the program, for instance, the logistics and the supply chains were gigantic sizes and huge quantity. On the aspect of the labor force, there were increasing number of foreign labors and workers. On the aspect of the acknowledgement of the citizens of the Chiangrai province, it was found that, generally, it was known to the local people who lived in the vicinity of Mae Sai district, Chiang Khong district and Chiang Saen district. Nonetheless, they did not know the Chiangrai Special Economic Zone project in details. On the aspect of the readiness of the financial institutes in the locality, it was found that the financial institutes were in the basic-level services.

2. Owing to the basic information mentioned above, it was found that the wide-ranging perspective on the readiness of the Chiangrai Special Economic Zone project in Chiangrai province

was in a low level development which required many factors for the expansion. That was why this research had to be carried out in term of strategy and development plan under “The vision the lovely living Chiangrai Special Economic Zone, the gate way to The Greater Maekong Sub-region Countries (GMS)” which had the following seven strategies, 1) the administrative and management strategy for the convenience of the border region development strategy, 2) the infrastructure and the logistics strategy, 3) the labor force and human resources strategy, 4) the financial institutes strategy, 5) the community development strategy for the supporting of the Special Economic Zone project, 6) ) the upgrading of the education and the training for the knowledge of the Special Economic Zone project, 7) the economic expansion strategy in the local areas so that the major investment could be possible.

**Keywords:** *Strategy, Special Economic Zone Project Establishment, Readiness of special Economic Zone*

## I. INTRODUCTION

Currently, in the Northern part of Thailand zone 2, it is consisted of the following provinces, Chiangrai, Phayao, Phrae and Nan provinces. The region is considered to be the upper most of Thailand territory which is connected to the Myanmar and Laos or the Lao People's Democratic Republic also known as Lao PDR. Actually, the Northern part of Thailand zone 2 is well thought-out to be the geographical border as officially called “Economic Corridor” of Thailand that is composed of Mae Sai district, Chiangsaen district, and Chiangkhong district; and all of which belonged to Chiangrai province.

In point of fact, the Thai cabinet had made an establishment of Chiangrai Special Economic Zone project in Chiangrai province where the potentiality of the economic development had been determined. In reality, Chiangrai province possesses many geographically favorable and advantageous factors, for example, transportation route, tourism, trading and commercial services. Thus, the Thai government foresees the good future of Chiangrai province in term of land development, and to make Chiangrai province as a Special Economic Zone. The preparation for making the readiness of the Chiangrai Special Economic Zone project in Chiangrai province began with the construction of infrastructure such as the building of highways and roads as

well as railways to hook up all the transporting routes amongst the regional provinces, for instance, two railways connecting Denchai district, Phrae, Phayao, Chiangrai and Chiangkhong; the four-lane highway connecting Rongkhwang district, Phrae province and Ngao district, Lampang province, including the four-lane highway connecting Phayao – Nan- Chiangrai and Chiangmai provinces.

Presently, it is in the phase of project studies for the possibility of construction all the transporting routes in order to connect with the R3A highway from China at the Thailand-Laos friendship bridge number 4 which would connect the Chiangkhong district, Chiangrai province, Thailand with the Huai Sai township in Bokeo province which is located in the northern part of Laos. This project had been created to serve the establishment of Chiangrai Special Economic Zone project in Chiangrai province. If, it is successful, it would be great beneficial to the region and the completion would be very high.

Therefore, the development of Chiangrai province would lead to the establishment of the “Economic Corridor”, including the formation of Chiangrai province as a Special Economic Zone. In summary, we must be ready for the change and be ready for the establishment of Chiangrai Special Economic Zone project in Chiangrai province.

## II. OBJECTIVES

The objectives of this research were as the following: -

- 1) To study the readiness of the Chiangrai Special Economic Zone project in Chiangrai province.
- 2) To develop the strategic development plan for the Chiangrai Special Economic Zone project in Chiangrai province.

## III. Methodology

The research had been carried out through the usage of the mixed method, survey research External situation analysis was PEST analysis, including the SWOT analysis and the focus group discussion as well as the workshop operations amongst the people who got the involvement in the establishment of the Chiangrai Special Economic Zone project in the Chiangrai province of Thailand. The aim was to plan the strategic planning and the preparation for the readiness of the Chiangrai Special Economic Zone project establishment.

## IV. THEORY AND CONCEPTUAL FRAMEWORK

This research had an idea on the readiness and the preparation for the strategic development planning which could be concluded that it was the economic cooperation amongst 6 countries in the Greater Mekong Sub-region – GMS that brought together the six states of the Mekong River

basin, namely Cambodia, Laos, Myanmar, Thailand, Vietnam, and Yunnan Province, China, as the following details.

### *The Greater Mekong Sub-region Development Project: 6 countries*

The Greater Mekong Sub-region Development Project: 6 countries had been carried out amongst 6 countries in the Greater Mekong Sub-region that brought together the six states of the Mekong River basin, namely Cambodia, Laos, Myanmar, Thailand, Vietnam, and Yunnan Province, China, especially, in Thailand, it was composed of 9 provinces in the upper Northern part of Thailand such as Chiangmai, Chiangrai, Lamphun, Phayao, Mae Hong Son, Lampang, Phrae, Nan and Tak provinces; and 8 provinces in the Northeastern part of Thailand, such as Nakhonphanom, Laoei, Sakonnakhon, Nongkhai, Udonthani, Amnatcharoen, Ubonratchathani and Mukdahan provinces; 2 provinces in the Eastern part of Thailand such as Prachinburi and Sakeow provinces, including Laos, Viet nam, Myanmar and Yunnan province, China, which covered all together three million and three hundred thousand kilometer squares or equal to the area of the Western Europe continent. The total population was approximately 250 million. The Greater Mekong Sub-region Development Project began its work in the year 1992 when the Asian Development Bank (ADB) gave the main support to the project.

In the year 2003, the Office of the National Economics and Social Development Board made a conclusion that the Greater Mekong Sub-region Development Project was consisted of 6 nations which were full of natural resources and it was the center for transportation route amongst the South Asia, the East Asia and the Southeast Asia that could be called for high potentiality development, particularly, the region of Southern China connected to Laos and Burma and Thailand.

In summary, the Greater Mekong Sub-region Development Project was considered to be the connectivity and the competitiveness as well as the community amongst the nations that got the involvement in the project. In short, if the development of the three aspects could be achieved, it would be able to promote the investment, industry, and agriculture as well as services. In brief, it could help local people to get more jobs and could raise the quality of life of the people in the region through the technology cooperation and the collaboration covering 9 branches of subjects, for example, transportation, telecommunication, energy, trading and financial investment, agriculture, environment, tourism and traveling, as well as human resource development.

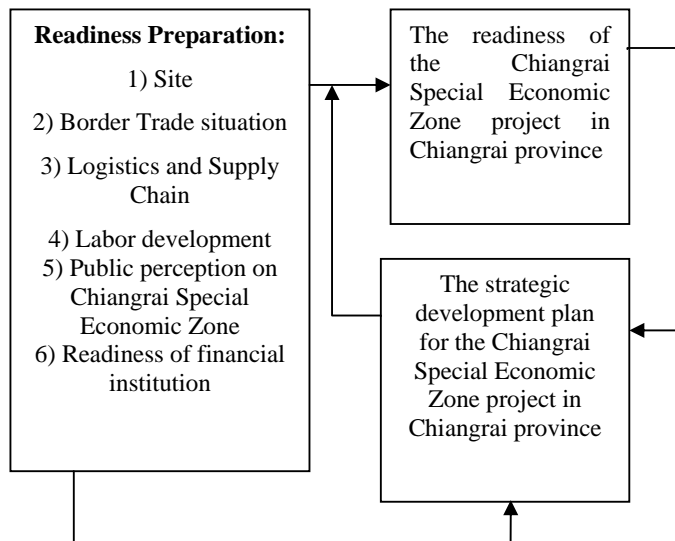
### *The Idea on Establishment of the Special Economic Zone on the border region*

A Special Economic zone (SEZ) is a geographical region that is designed to export goods and provide employment. SEZs are exempt from federal laws regarding taxes, quotas, FDI-bans, labor laws and other restrictive laws in order to make the goods manufactured in the SEZ at a

globally competitive price. For example, the bringing in of equipment and machinery as well as materials and goods would be free tax. The taxation reduction and exception could be applied to the import and export of goods and products. Additionally, the benefits and welfare would be provided to the foreign businessmen and their family members who would follow them to come into the country. Thus, the Special Economic zone would have flexibility and fringe benefit to draw foreign investment from overseas. Meanwhile, the opening of the country to the Special Economic zone (SEZ) would bring prosperity and wealth to the nation according to the marketing mechanism.

In conclusion, the Greater Mekong Sub-region Development Project would make the upper region provinces such as Chiangrai, Phayao, Nan and Phrae provinces to be transportation connection and to be the economic developing provinces in Northern Thailand. In short, Chiangrai province would be connected to Laos through the bridge and to the river ports in the Mae Khong River. Thus, it would be the sustainable and strategically transporting route of the nation. So, Chiangrai province will be changed to be the Special Economic zone (SEZ).

#### *Conceptual Framework*



#### V. Research Result

##### **1. The Readiness on the Establishment of the Special Economic Zone project in Chiangrai province:**

The case-study on the readiness of the Chiangrai Special Economic Zone project in Chiangrai province, it was

found that there were 6 aspects to be considered as the following:-

- 1) Site
- 2) Border trade situation
- 3) Logistics and Supply Chain
- 4) Labor development
- 5) Public perception on Chiangrai Special Economic Zone
- 6) Readiness of financial institution

##### **1) Site:**

The Greater Mekong Sub-region Development Project aimed at the cooperation amongst the connecting countries in the region, especially, the cooperation in the construction of roads to connect to the R3a and R3 b highways from China, including the construction of the Chiang-saen river ports and the bridge across the Mae Khong River to Laos. The purpose was to transport goods and services in the region of Laos, Burma and South China as well as Thailand in the vicinity of Chiang Sae district, Chiangrai province. The objective was to increase the competitiveness and to create Special Economic zone (SEZ) in Chiang Khong, and Chiang Saen for now as well as Phayao, Nan in the future.

##### **2) Border trade situation:**

Currently, the effort to establish Special Economic zone (SEZ) in Chiang Khong, and Chiang Saen districts in Chiangrai province for the goals of trade, services, tourism and industries, for example canning industry, packaging and transportation and the establishment of estate industry authority. The aim was to increase income and job opportunity for the local people so that they could have sustainable job opportunity and income to help their families.

##### **3) Logistics and Supply Chain:**

The readiness for Logistics and Supply Chain of Chiangrai province would be beneficial to both the government and the private sectors. The Special Economic zone (SEZ) would have created the overall image of the Chiangrai province, including the warehouse, storage house, depot and stockroom for the goods of the upper country part 2 as the foundation for agricultural products. The transportation routes might need to be connected and need improvement of integrated transportation systems within the country and internationally. Additionally, there might be some rules and regularities as well as laws to control the whole system of transportation of goods and service.

##### **4) Labor development:**

The development of manpower and laborers would be very important due to the fact that the majority of manpower was in the agricultural sector. Next, the manpower in the construction and the industry such as auto industry required great number of workers and laborers. There were

foreign workers migrated from Laos, Cambodia and Myanmar to come to work in Thailand.

### **5) Public perception on Chiangrai Special Economic Zone**

The upgrading of knowledge and experience for the local people in Chiangrai province so that's they could be bale to accept the new Special Economic zone (SEZ) in Chiangrai province0, particularly, in Chiangsaen and in Chiangkhong districts, the people in this region still required to have more knowledge and more education in new technology, especially, in the logistics section. Next, land development would be necessary to have improvement. The land would be high in price, particularly, in the vicinity near the river ports and the bridge across the Mae Khong River. In short, the Special Economic zone (SEZ) in Chiangrai would have some problems to be solved and the obstacles that needed to be arranged and organized.

### **6) Readiness of the financial institution:**

The Readiness of the financial institution required development and organization. Since, financial institutes are the best resource of financial investment in trading and commerce's as well as services. The exchange of monetary currency is always ready for future enterprises, for instance, the transferring of money, the deposit and withdrawal of money and the monetary loans and credit. The requirement has to be fast, reliable and dependable.

Currently, Thailand's banks do not have their branches in the neighboring countries which mad impossible to the investment and the transferring of money from Thailand to the neighboring countries. In short, there must be the establishment of financial institutes in the neighboring countries around Thailand in accordance with the BOI criteria for the sustainable financial actions.

In conclusion , The case-study on the readiness of the Chiangrai Special Economic Zone project in Chiangrai province in 6 aspects to be considered as the following 1) Site 2) Border trade situation 3) Logistics and Supply Chain 4) Labor development 5) Public perception on Chiangrai Special Economic Zone and 6) Readiness of financial institution. We found that all 6 aspects not had the readiness to be the Chiangrai Special Economic Zone project at all. the Chiangrai Special Economic Zone project need the strategies and projects to develop all aspects.

## **2. To develop the strategic development plan for the Chiangrai Special Economic Zone project in Chiangrai province:**

Owing to the readiness of the Chiangrai Special Economic Zone project in Chiangrai province, it was found that there were 7 strategic aspects to be considered as the following:-

### **1) The strategy for convenience in the Thailand economic border region:**

#### **1.1) Short term policy:**

The short term policy has to be in the authority of the local government of the Special Economic zone (SEZ) who would supply the infrastructure facilities; and the working procedure would be the "one-stop service" working procedure or the single stop inspection (SSI) at the point of entry, for instance, Thailand-Myanmar, Laos and China border region would have the duty free area and the policy of the sister city should be put into practice as soon as possible.

#### **1.2) Long term policy:**

The long term policy has to be the policy decided by the government to establish the Special Economic zone (SEZ) for special investment zone. The policy must be reliable and dependable, including special taxation policy.

### **2) The strategy for readiness in logistics:**

The development of the Special Economic Zone project in Chiangrai province would be consisted of the development 3 districts, for instance, the Mae Sai, Chiangsaena and Chiangkhong districts, including the establishment of industry community, the construction of warehouse and storage depot, and the improvement of roads and highways for connection of transporting routes in the region. The logistics must be standardized through the usage of international or multinational; GMS license Trade.

### **3) The strategy for labor development:**

The development of labor force was planned to be modernized the local labor force to fit the new entrepreneurship and industrialization, for example, the teaching of foreign languages, the improvement of English teaching program and the prevention of crimes and narcotics.

### **4) The strategy for financial institution:**

The development for the readiness of financial institution was planned to have the establishment of banks and financial institutes through the approval of the BOI who would support the installation of the ATM automatic trailer machines for financial convenience. The goal was to promote international trade and foreign trading as well as to make convenience for foreign investors who wanted to make investment in Thailand.

### **5) The strategy for community and criteria for the support of the Special Economic Zone project:**

The development of the Special Economic Zone project in Chiangrai province would have the support from the community and the criteria that would control the usage of land and the property. The education program could be provided to the community and the people in term of materials and products that would be conformed to the international standardization and the protection of copy rights and patents

for goods and inventions, including the prevention of artificial goods, drugs and narcotics smuggling across the border line.

#### 6) The strategy for upgrading the perception of the Special Economic Zone project:

The Special Economic Zone would be publicly advertisement to the younger group of population in the local vicinity so that they could be able to accept the new change.

#### 7) The strategy for economic expansion for strong investment:

The investment criteria and the taxation standardization would be improve for stronger investment from overseas, including the ease of commerce and the regulation and the rules in trading internationally, particularly, on the tourism industry, and the development of the SMEs/OTOP and agricultural and travelling industries. %he aim was to promote foreign trades amongst the neighboring nations. The improvement should be planned for logistics and the transportation of goods and products across the border line. The improvement on land usage and the bringing in of goods and manufacturing equipments and machinery should be permitted so that the foreign investors could be able to bring their family members and friends and relatives to come to visit Thailand conveniently and openly to all. In summary, the Special Economic Zone project would bring more foreign investment to Thailand.

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